

Message Text

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ACTION ARA-10

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC PRIORITY 363

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TAGS: ASEC, ABLD, JM

SUBJECT: ACQUISITION OF NEW CHANCERY FOR AMEMBASSY KINGSTON

FOR KARAL ACKERMAN (ARA/MGT)

1. BASED ON DISCUSSIONS LAST WEEK WITH FBO ARCHITECT BEATTY AND VARIOUS SY OFFICERS (ESPECIALLY GEORGE VARROS), COURTLEIGH MANOR PROPOSAL APPEARS TO BE A NON-STARTER--EXCEPT IN THE EVENT NO OTHER MORE SUITABLE ALTERNATIVES WORK OUT. REASONS INCLUDE TIME NEEDED TO RENOVATE (UP TO 18 MONTHS), COSTS OF RENOVATIONS (UP TO \$1 MILLION INCLUDING SECURITY IMPROVEMENTS), AND SPACE PROBLEMS THAT WOULD REMAIN EVEN AFTER ALTERATIONS.

2. FORTUITOUSLY ANOTHER AND VERY ATTRACTIVE POSSIBILITY HAS SURFACED -- ONE THAT PREVIOUSLY HAD BEEN CONSIDERED AND REJECTED OWING TO OUR EXPECTATION COURTLEIGH MANOR WOULD WORK OUT, BUT ALSO BECAUSE OF PREVIOUS UNDERSTANDING AVAILABLE SPACE IN THIS ALTERNATIVE HAD ALREADY BEEN TIED UP BY OTHER POTENTIAL TENANTS. NEW ALTERNATIVE IS JAMAICA MUTUAL LIFE CENTER (JMLC) IN NEW KINGSTON, A THIRTEEN FLOOR OFFICE BUILDING PRESENTLY UNDER CONSTRUCTION AND DUE FOR COMPLETION IN MID TO LATE SUMMER. OCCUPANCY, FOL OWING INSTALLATION OF OFFICE PARTITIONS AND OTHER NECESSARY INTERIOR IMPROVEMENTS TO OUR SPECIFICATIONS, COULD BE BY FALL AT EARLIEST OR NOVEMBER/ DECEMBER AT LATEST.

3. IF THIS ALTERNATIVE IS TAKEN UP, WE WOULD OCCUPY FOUR FLOORS IN MIDDLE OF BUILDING, WITH JAMAICA MUTUAL LIFE

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HEADQUARTERS ABOVE US, AND BARCLASY'S BANK AND VARIOUS MEDICAL

OFFICES BELOW US. FOUR FLOORS WOULD PROVIDE 33,600 NET SQUARE FEET OR USABLE OFFICE SPACE, ENOUGH TO HOUSE ENTIRE US MISSION, LESS PEACE CORPS AND VISA UNIT WHICH WOULD REMAIN IN THEIR PRESENT PREMISES. (VISA UNIT OFFICE ABOUT FIVE MINUTES FROM JAMAICA MUTUAL LIFE BUILDING.) WE WOULD HAVE FULL CONTROL OF ONE OF FOUR ELEVATORS AND ONE OF TWO STAIRWELLS, PLUS CONTROLLED ACCESS TO BUILDING ROOF, AND MORE THAN ENOUGH ASSIGNED AUTO PARKING SPACE WITHIN AND WITHOUT THE BUILDING. BUILDING WILL ALSO HOUSE (ON OTHER FLOORS) CONFERENCE ROOMS AND RESTAURANTS AVAILABLE TO ALL TENANTS.

4. BOTH FBO ARCHITECT BEATTY AND SY OFFICE VARROS TOURED BUILDING AND ARE VERY FAVORABLY IMPRESSED AS TO ITS POTENTIAL. ALMOST CERTAIN IT WILL BE ONE OF LAST MODERN OFFICE BUILDINGS TO BE BUILT FOR THE FORESEEABLE FUTURE OWING TO DETERIORATING JAMAICAN ECONOMY. ONLY OTHER MAJOR OFFICE BUILDING PRESENTLY UNDER CONSTRUCTION IN NEW KINGSTON NOT SCHEDULED FOR COMPLETION UNTIL MID-1977. THAT DEADLINE UNDOUBTEDLY WILL SLIP OWING MATERIAL SHORTAGES, LABOR FORCE WORK STOPPAGES, ETC. A FURTHER SURVEY OF REALTORS THIS WEEK CONFIRMS THAT NO OTHER EXISTING SUITABLE BUILDINGS WITH ADEQUATE SPACE FOR OUR CHANCERY ARE ON THE MARKET OR ARE LIKELY TO BE IN THE FORESEEABLE FUTURE.

5. JAMAICA MUTUAL LIFE BUILDING PLANS AIRMAILED TO BEATTY THIS WEEK. LATTER INTENDS SUBMIT HIS REPORT TO YOU ON THIS BUILDING AS WELL AS ON COURTLIGHT MANOR IN LATE MARCH OR EARLY APRIL.

6. ALTHOUGH WE WOULD VASTLY PREFER TO ACQUIRE A CHANCERY IN A BUILDING AND ON A SITE WHICH WOULD NOT BE SHARED WITH OTHER TENANTS, AND WHICH WOULD BE SUITABLE FOR ULTIMATE PURCHASE AS PERMANENT CHANCERY, WE SEE LITTLE ALTERNATIVE AT THIS POINT BUT TO DROP COURTLIGHT MANOR PROPOSAL AND MOVE QUICKLY TO LEASE OF SPACE IN JAMAICA MUTUAL LIFE BUILDING. LATTER COURSE DOES, HOWEVER, OFFER SOME PROBLEMS. A) ALTHOUGH JAMAICA MUTUAL OWNERS VERY MUCH DESIRE TO HAVE US AS TENANTS, THEY HAVE BEEN NEGOTIATING WITH OTHERS WHO SEEK SAME SPACE. JMAL HAS SUSPENDED THESE NEGOTIATIONS FOR ABOUT THREE WEEKS (I.E. PERHAPS UNTIL END LIMITED OFFICIAL USE

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OF MARCH) TO GIVE US FIRST REFUSAL OPTION. BUT THIS DOES MEAN WE WILL HAVE TO COMMIT OURSELVES BY END OF THIS MONTH TO NEGOTIATE A LEASE. COMMITMENT CAN BE A LETTER OF INTENT TO LEASE (SIGNED BY AMBASSADOR) WITH QUALIFICATIONS, E.G. SUBJECT TO AGREEMENT ON MUTUALLY SATISFACTORY TERMS: INCLUDING PRICE, TERM OF LEASE, AND OTHER CONDITIONS OF OCCUPANCY.

B) QUOTED PRICE FOR LEASE IS APPROX. J\$7.50 PER SQUARE FOOT NET OFFICE SPACE, PLUS J\$3.00 PER SQUARE FOOT FOR SHARED SER-

VICES (LATTER INCLUDE UTILITIES, 24-HOUR GUARD SERVICE, ALL CUSTODIAL SERVICES, MAINTENANCE OF BUILDING--INCLUDING PERIODICA REPAINTING OF OFFICES, MAINTENANCE EXTERIOR GROUNDS AND PARKING LOTS, ETC.) THIS TRANSLATES (FOR OCCUPANCY FOUR FLOORS) INTO TOTAL ANNUAL COST APPROX. US\$388,000. HOWEVER, THIS PROBABLY CAN BE NEGOTIATED DOWNWARD BELOW US\$300,000 PER YEAR--PERHAPS AS LOW AS \$275.00.

7. GIVEN CRITICAL TIME FACTORS INVOLVED, WE REQUEST FOLLOWING IMMEDIATE ACTION, AFTER YOUR OWN VNSULTATIONS WITH BEATTY AND VARROS.

A) A TWO-STAGE REPORT FROM BEATTY ON JMLC BUILDING, I.E. AN IMMEDIATE AND BRIEF REPORT ON SUITABILITY, WITH BROAD OUTLINE OF INTERIOR DESIGN REQUIREMENTS, FOLLOWED AS SOON AS POSSIBLE BY FINAL DETAILED REPORT WITH FULL DESIGN SPECIFICATIONS.

B) SIMILAR IMMEDIATE REPORT BY VARROS ON SY REQUIREMENTS.

C) ASSUMING FOREGOING FAVORABLE, AUTHORITY BEFORE END OF MARCH FOR AMBASSADOR TO SIGN LETTER OF INTENT TO LEASE WITH QUALIFICATIONS CITED IN PARA 6A ABOVE.

D) IMMEDIATE ADVICE ON NEGOTIATING GUIDELINES, INCLUDING LEASE TERMS, WHICH CAN BE USED FOR TENTATIVE DISCUSSIONS WITH OWNERS IN COMING WEEKS. ON THIS POINT, WE WOULD PROPOSE FIVE YEAR LEASE WITH RENEWAL OPTIONS. IT MAY BE NECESSARY TO GO TO LONGER LEASE WITH LEASE RATE REVIEW EACH THREE YEARS IN ORDER TO ASSURE LOWEST POSSIBLE RENT AT OUTSET. ASSUMING OWNERS UNDERTAKE MODIFICATION OF INTERIOR TO OUR SPECIFICATIONS UTILIZING PRESENT BUILDING CONTRACTOR, COSTS FOR THIS WORK WOULD BE NEGOTIABLE AND COULD BE PAID OFF IN LUMP SUM, OR CRANKED INTO LEASE ON PRO-RATED BASIS AS DESIRED BY DEPARTMENT. GUIDANCE ON THIS POINT ALSO DESIRED.

8. IN CLOSING, OUR THANKS AGAIN FOR THE FIRST CLASS LIMITED OFFICIAL USE

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WORK AND SUPPORT PROVIDED BY ALL THOSE WHO WERE DOWN HERE LAST WEEK.
GERARD

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